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WISCONSIN ECONOMIC INDICATORS

MAY 1985

DILHR

DEPARTMENT OF INDUSTRY, LABOR & HUMAN RELATIONS

WISCONSIN DATA AND SOURCES

	INDICATOR	SOURCE
L1	Composite Index of Leading Indicators	Wis.Dept. of Industry, Labor and Human Relations
L2	Average Work Week, Manufacturing	Wis. Dept. of Industry, Labor and Human Relations
L3	Average Overtime Hours, Mfg.	Wis. Dept. of Industry, Labor and Human Relations
L4	Average Weekly Initial Claims	Wis. Dept. of Industry, Labor and Human Relations
L5	Total Job Openings Received	Wis. Dept. of Industry, Labor and Human Relations
L6	New Business Incorporations	Wisconsin Secretary of State
L7	Net Gain in Business Phone Access Lines	Wis. Telephone Co. and General Telephone Co.
L8	Building Plans Examined	Wis. Dept. of Industry, Labor and Human Relations
C1	Help-Wanted Advertising Index (Milw.)	National Industrial Conference Board
C2	Total Unemployment Rate	Wis. Dept. of Industry, Labor and Human Relations
C3	Natural Gas Sales	Wisconsin Public Service Commission
C4	New Car Registrations	Wis. Department of Transportation
C5	Electric Power Sales	Wisconsin Public Service Commission
C6	Total Securities Registrations	Wisconsin Commissioner of Securities
C7	Manufacturing Employment	Wis. Dept. of Industry, Labor and Human Relations
C8	Average Weekly Earnings, Mfg.	Wis. Dept. of Industry, Labor and Human Relations
C9	Cash Receipts From Farm Marketing	U.S. Department of Agriculture
C10	Contract Construction Employment	Wis. Dept. of Industry, Labor and Human Relations
X1	Birth Registrations	Wis. Department of Health and Social Services
X2	Death Registgrations	Wis. Department of Health and Social Services
X3	Natural Net Gain in Population	Wis. Department of Health and Social Services
X4	Marriage Registrations	Wis. Department of Health and Social Services
X5	Consumer Price Index (Milwaukee)	U.S. Bureau of Labor Statistics
X6	Index of Prices Received By Farmers	Wisconsin Department of Agriculture
X7	Net Gain in Residential Phone Access Lines	Wis. Telephone Co. and General Telephone Co.
X8	Labor Disputes, No. of Workers	Wis. Dept. of Industry, Labor and Human Relations
X9	Unemployment Compensation Exhaustees	Wis. Dept. of Industgry, Labor and Human Relations

NOTES: Selected series are seasonally adjusted by the Bureau of the Census X-11 Variant of the Census Method II Seasonal Adjustment Program. The adjusted data are plotted on arithmetic scales.

SECTION A is a summary of recent data and current changes for all indicators and is presented in chart form. The indicators are presented with cyclical timing as the principle basis of classification.

SECTION B is a summary of Wisconsin Labor Force Estimates, including Employment, Unemployment and Unemployment Rates, and selected U.S. data.

SECTION C analyzes the Wisconsin labor force by industry and by specified Standard Metropolitan Statistical Areas.

SECTION D singles out certain economic time series as being leading or coinciding in relation to movements in aggregate economic activity. They are seasonally adjusted and presented graphically. The indicators are grouped by cyclical timing.

COVER PHOTO: Courtesy of Wisconsin Division of Tourism.

THE WISCONSIN ECONOMY

SUMMARY FOR APRIL

LEADING INDICATORS OF WISCONSIN'S ECONOMIC ACTIVITY ARE VARIED IN APRIL AND ARE POINTING TO NO DEFINITE ECONOMIC TURNS. THE STATE'S LABOR SITUATION IMPROVED, BUT MAINLY DUE TO SUB-NORMAL LABOR FORCE GROWTH.

LEADING INDICATORS

The average weekly hours worked by production workers in manufacturing decreased in April, but some decrease is normal. Nevertheless, the workweek trend is down.

The shorter workweek is not absolutely bad news because the number of workers employed in manufacturing increased at above the seasonally normal pace.

Equally encouraging is the fact that while the average overtime hours worked per week dipped slightly, the overtime reduction was less than seasonally normal for April.

The average number of weekly initial claims for unemployment compensation declined in April, signaling a decrease in layoffs. April's claims-level change was a sizable 640 per week decrease; was greater than seasonally normal; and was enough to drop the initial claims average to the lowest level since October of 1984.

The number of job openings received by Job Service offices throughout the state increased in April. The improvement in the number of requests for workers, however, was slightly less than the usual April trend.

The new business incorporation total for April decreased. When adjusted for seasonal factors, the month-to-month trend of incorporations has decreased each month of 1985.

The net gain in business telephone access lines also decreased in April, but a March-to-April decline is normal. This month's decline, in fact, was less than usual, so the trend is up. This April's net access-line gain is the highest for any April since 1979.

The number of building plans examined by state officials increased by nearly 25 percent in April. The commerical and industrial safety and building code examinations increased at nearly the seasonal pace.

WISCONSIN LABOR FORCE

Employment growth from March to April numbered close to 30-thousand throughout the state. However, a large gain in that period is normal. In fact, when adjusting for seasonal factors, the employment trend is down.

Most of this month's employment growth drew off the unemployed with only a small portion attributable to labor force expansion.

The level of unemployment decreased by 22-thousand job seekers. That amount exceeds the normal March-to-April trend, thus, the unemployment trend is down.

The employment gain, coupled with the unemployment drop, resulted in a decrease of 1.0 percentage point in the unemployment rate. And, that betters the normal seasonal pattern for April.

The size of the labor force, however, grew only meagerly in April...well below the normal trend. Much of April's improved labor situation resulted from the unusually low labor force growth.

A WISCONSIN ECONOMIC INDICATORS

INDICATOR	UNIT	MONTHLY SERIES Latest Month		Mo/Ago	Yr/Ago	% CHANGE Mo/Ago	% CHANGE Yr/Ago	AVG. 1984
LEADING INDICATORS								
L1 COMPOSITE INDEX OF LEADING INDICATORS								
Seasonally Adjusted	INDEX	78.2	Apr	75.4	69.8	3.7	12.0	70.1
L2 AVG. WORK WEEK, MFG.								
Unadjusted	HOURS	40.2	Apr	40.7	41.3	-1.2	-2.7	41.1
Seasonally Adjusted		40.6		40.8	41.7	-0.5	-2.6	
L3 AVG. OVERTIME HOURS, MFG.								
Unadjusted	HOURS	2.8	Apr	2.9	3.0	-3.4	-6.7	3.2
Seasonally Adjusted		3.2		3.1	3.4	3.2	-5.9	
L4 AVG. WEEKLY INITIAL CLAIMS								
Unadjusted	NUMBER	10,873	Apr	11,516	10,539	-5.6	3.2	10,817
Seasonally Adjusted		11,152		11,799	10,805	-5.5	3.2	
L5 TOTAL JOB OPENINGS REC.								
Unadjusted	NUMBER	7,780	Apr	7,480	7,610	4.0	2.2	8,694
Seasonally Adjusted		8,393		8,471	8,210	-0.9	2.2	
L6 NEW BUSINESS INCORPORATIONS								
Unadjusted	NUMBER	507	Apr	528	601	-4.0	-15.6	562
Seasonally Adjusted		469		488	556	-3.9	-15.6	
L7 NET GAIN IN BUSINESS PHONES ACCESS LINES								
Unadjusted	NUMBER	1,471	Apr	2,085	1,391	-29.4	5.8	328
Seasonally Adjusted		1,140		1,008	225	13.1	406.7	
L8 BUILDING PLANS EXAMINED								
Unadjusted	NUMBER	498	Apr	399	472	24.8	5.5	487
Seasonally Adjusted		504		507	477	-0.6	5.6	
ROUGHLY COINCIDING INDICATORS								
C1 HELP-WANTED INDEX (MILW.)								
Seasonally Adjusted	INDEX	50	Apr	54	46	-7.4	8.7	52
C2 UNEMPLOYMENT RATE, TOTAL								
Unadjusted	PERCENT	6.8	Apr	7.8	7.7	-	-	7.4
Seasonally Adjusted		7.4		7.6	8.0	-	-	
C3 NATURAL GAS SALES								
Unadjusted	MIL. THERMS	318.5	Mar	419.6	393.8	-24.1	-19.1	252.5
Seasonally Adjusted		232.5		272.6	287.5	-14.7	-19.1	
C4 NEW CAR REGISTRATIONS								
Unadjusted	NUMBER	14,712	Apr	14,766	16,253	-0.4	-9.5	16,066
Seasonally Adjusted		15,038		13,655	16,610	10.1	-9.5	
C5 ELECTRIC POWER SALES								
Unadjusted	MIL. KWH	1861.8	Mar	1789.3	1902.0	4.1	-2.1	1865.8
Seasonally Adjusted		1816.4		1875.6	1856.2	-3.2	-2.1	
C6 TOTAL SECURITIES REGISTRATIONS								
Unadjusted	MIL. DOL.	49.6	Apr	121.8	66.0	-59.3	-24.8	89.4
Seasonally Adjusted		52.0		153.4	69.2	-66.1	-24.9	

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A WISCONSIN ECONOMIC INDICATORS

INDICATOR	UNIT	MONTHLY SERIES Latest Month		Mo/Ago	Yr/Ago	% CHANGE Mo/Ago	Yr/Ago	AVG. 1984
C7 MANUFACTURING EMPL.								
Unadjusted	THOUS.	507.7	Apr	503.6	510.5	0.8	-0.5	518.3
Seasonally Adjusted		515.4		513.4	518.3	0.4	-0.6	
C8 AVG. WEEKLY EARNINGS, MFG.								
Unadjusted	DOLLARS	410.44	Apr	415.14	417.54	-1.1	-1.7	412.46
Seasonally Adjusted		415.01		414.31	422.05	0.2	-1.7	
C9 CASH RECEIPTS FROM FARM MKTG.								
Unadjusted	MIL. DOL.	458.9	Dec	494.0	430.8	-7.1	6.5	435.9
Seasonally Adjusted		444.5		443.4	416.0	0.2	6.9	
C10 CONTRACT CONSTRUCTION EMPL.								
Unadjusted	THOUS.	54.3	Apr	49.5	52.2	9.7	4.0	58.3
Seasonally Adjusted		62.4		61.4	60.0	1.6	4.0	
OTHER KEY INDICATORS								
X1 BIRTH REGISTRATIONS								
Unadjusted	NUMBER	6,500	Apr	5,769	5,979	12.7	8.7	6,101
Seasonally Adjusted		6,612		5,792	6,080	14.2	8.8	
X2 DEATH REGISTRATIONS								
Unadjusted	NUMBER	3,443	Apr	3,537	3,553	-2.7	-3.1	3,438
Seasonally Adjusted		3,546		3,474	3,659	2.1	-3.2	
X3 NATURAL NET GAIN POPULATION								
Unadjusted	NUMBER	3,057	Apr	2,232	2,426	37.0	26.0	2,663
Seasonally Adjusted		3,158		2,397	2,505	31.7	26.1	
X4 MARRIAGE REGISTRATIONS								
Unadjusted	NUMBER	2,213	Apr	1,640	2,054	34.9	7.7	3,420
Seasonally Adjusted		2,567		2,852	2,382	10.0	7.8	
X5 CONSUMER PRICE INDEX (MILW.)				(Jan)				
Unadjusted	INDEX	327.8	Mar	324.6	316.8	1.0	3.5	320.6
X6 PRICES RECEIVED BY FARMERS								
Unadjusted	INDEX	134	Apr	139	146	-3.6	-8.2	144
Seasonally Adjusted		133		138	145	-3.6	-8.3	
X7 NET GAIN IN RESIDENTIAL PHONES ACCESS LINES								
Unadjusted	NUMBER	-1,069	Apr	3,599	-1,734	-129.7	38.4	750
Seasonally Adjusted		1,736		2,177	359	-20.3	383.6	
X8 LABOR DISPUTES, NO. OF WORKERS								
Unadjusted	NUMBER	104	Apr	45	1,062	131.1	-90.2	520
Seasonally Adjusted		114		65	1,168	75.4	-90.2	
X9 UNEMPL. COMPENSATION EXHAUSTEES								
Unadjusted	NUMBER	27,705	Apr	25,770	30,887	7.5	-10.3	28,186
Seasonally Adjusted		24,693		25,490	27,525	-3.1	-10.3	

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B

LABOR FORCE ESTIMATES

WISCONSIN LABOR FORCE ESTIMATES APRIL	(In Thousands)			Pct. Chg.	
	Latest Month	Month Ago	Year Ago	Month Ago	Year Ago
Unadjusted					
CIVILIAN LABOR FORCE	2366.2	2359.3	2374.1	0.3	-0.3
Employment (Inc. Labor Disputes)	2204.3	2175.4	2190.6	1.3	0.6
Unemployment	161.9	183.9	183.5	-12.0	-11.8
Unemployment Rate	6.8	7.8	7.7	-	-
Seasonally Adjusted					
CIVILIAN LABOR FORCE	2401.6	2414.1	2449.7	-0.5	-2.0
Employment (Inc. Labor Disputes)	2224.2	2230.2	2254.6	-0.3	-1.3
Unemployment	177.4	183.9	195.1	-3.5	-9.1
Unemployment Rate	7.4	7.6	8.0	-	-

WISCONSIN EMPLOYMENT ESTIMATES APRIL	(In Thousands)			Pct. Chg.	
	Latest Month	Month Ago	Year Ago	Month Ago	Year Ago
TOTAL NONFARM WAGE AND SALARY WORKERS	1963.0	1940.4	1909.6	1.2	2.8
Unadjusted					
Manufacturing	507.6	503.6	509.5	0.8	-0.4
Mining	1.7	1.1	1.6	54.5	6.2
Contract Construction	54.3	49.5	52.2	9.7	4.0
Transportation and Public Utilities	90.3	89.1	89.6	1.3	0.8
Elec., Gas and Sanitary Services	17.1	17.0	16.8	0.6	1.8
Wholesale Trade	100.3	99.7	97.9	0.6	2.5
Retail Trade	361.3	353.9	342.7	2.1	5.4
General Merchandise	48.4	47.7	45.8	1.5	5.7
Finance, Insurance and Real Estate	105.5	104.7	100.6	0.8	4.9
Banking	28.4	28.4	27.2	0.0	4.4
Insurance	33.4	33.2	32.4	0.6	3.1
Service and Miscellaneous	414.6	410.6	395.9	1.0	4.7
Hospitals	67.2	67.6	70.3	-0.6	-4.4
Private Education	26.6	25.8	24.4	3.1	9.0
Government	327.6	328.1	319.6	-0.2	2.5
State Government	84.3	84.9	82.5	-0.7	2.2
Local Government	216.2	216.6	210.5	-0.2	2.7

UNITED STATES LABOR FORCE ESTIMATES APRIL	(In Thousands)			Pct. Chg.	
	Latest Month	Month Ago	Year Ago	Month Ago	Year Ago
Seasonally Adjusted					
CIVILIAN LABOR FORCE	115,371	115,514	113,202	-0.1	1.9
Employment	106,945	107,119	104,402	-0.2	2.4
Unemployment	8,426	8,396	8,800	0.4	-4.2
Unemployment Rate	7.3	7.3	7.8	-	-

MANUFACTURING EMPLOYMENT *(Unadjusted)* APRIL	(In Thousands) Latest Month	Month Ago	Year Ago
All Manufacturing (Including Canning)	507.6	503.6	509.5
All Manufacturing (Excluding Canning)	500.9	497.0	503.1
Durable Goods	317.0	313.2	319.3
Lumber and Wood Prod., (Except Furniture)	21.1	20.4	21.3
Sawmills and Planning Mills	3.2	3.2	3.0
Millwork, Veneer, Plywood & Prefab. Wood Prod.	9.3	8.9	9.5
Furniture and Fixtures	11.5	11.3	9.8
Household Furniture	5.3	5.2	4.5
Stone, Clay and Glass Products	6.9	6.3	7.5
Concrete, Gypsum and Plaster Products	2.6	2.0	3.0
Primary Metal Industries	20.0	20.0	18.9
Iron and Steel Foundries	11.2	11.2	10.9
Fabricated Metal Products	49.3	49.3	50.6
Heating Equipment (Except Electrical) & Plumbing Fixtures	5.0	4.9	5.6
Fabricated Structural Metal Products	11.7	11.5	11.3
Metal Stampings	12.0	12.2	12.7
Machinery (Except Electrical)	102.4	103.1	101.7
Engines and Turbines	19.7	20.1	22.2
Farm Machinery and Equipment	12.9	12.8	13.6
Const., Min. & Material Handling Mach. & Equip.	11.1	11.2	11.3
Metalworking Machinery and Equipment	11.9	12.1	11.0
Special Industry Machinery (Except Metalworking)	11.2	11.2	10.4
General Industrial Machinery and Equipment	15.3	15.4	14.4
Service Industry Machines	7.8	7.7	7.6
Electrical Machinery, Equipment and Supplies	50.0	50.8	52.8
Electrical Industrial Apparatus	18.1	18.1	18.4
Household Appliances	6.5	6.6	7.0
Transportation Equipment	34.8	31.1	36.3
Motor Vehicles and Equipment	27.8	24.1	29.3
Instruments and Related Products	10.7	10.7	10.4
Miscellaneous Manufacturing	10.4	10.3	9.9
Nondurable Goods	190.6	190.4	190.2
Food and Kindred Products	57.3	57.6	58.0
Meat Products	13.4	13.8	13.6
Dairy Products	17.8	17.8	17.2
Canning and Preserving	6.7	6.6	6.4
Bakery Products	3.8	3.8	4.2
Beverage Industries	8.0	8.2	9.2
Textile Mill Products	4.9	4.8	4.6
Knitting Mills	4.1	4.1	3.9
Apparel and Other Finished Products	6.4	6.2	6.5
Paper and Allied Products	46.4	46.3	46.8
Pulp and Paper Mills	29.0	28.9	29.2
Converted Paper and Paperboard Products	9.3	9.4	9.4
Paperboard Containers and Boxes	6.9	6.9	7.0
Printing, Publishing and Allied Industries	37.1	37.0	35.9
Newspapers	11.7	11.7	11.1
Commercial Printing	15.5	15.3	15.1
Chemicals and Allied Products	9.8	9.7	9.8
Rubber and Misc. Plastics Products	20.9	21.0	20.2
Miscellaneous Plastics Products	16.6	16.7	15.7
Leather and Leather Products	7.5	7.4	8.1
Leather Tanning and Finishing	2.0	1.9	2.1
Footwear (Except Rubber)	3.8	3.8	4.3
Other Nondurable Goods	-	-	-

Section

C WISCONSIN EARNINGS AND HOURS DATA

EARNINGS AND HOURS *(Unadjusted)* APRIL	Average Weekly Earnings			Average Weekly Hours		
	Latest Month	Mo. Ago	Yr. Ago	Latest Month	Mo. Ago	Yr. Ago
All Manufacturing (Incl. Canning)	$410	$415	$418	40.2	40.7	41.3
All Manufacturing (Excl. Canning)	412	417	419	40.2	40.8	41.3
Durable Goods	419	428	430	40.1	40.9	41.7
Lumber/Wood Prod. (Exc. Furn.)	312	310	300	40.9	40.8	40.7
Furniture and Fixtures	298	301	315	41.4	41.5	42.3
Stone, Clay and Glass Products	390	390	388	41.5	41.6	41.5
Primary Metal Industries	413	410	418	41.5	41.4	43.0
Iron and Steel Foundries	416	411	434	41.2	40.8	43.3
Fabricated Metal Products	397	402	415	39.4	39.7	41.0
Fab. Structural Metal Prod.	420	416	415	41.8	41.6	42.6
Metal Stampings	373	387	388	37.0	38.1	39.0
Machinery (Except Electrical)	478	480	484	41.3	41.5	42.0
Engines and Turbines	523	517	514	41.0	41.2	42.0
Farm Machinery and Equip.	514	510	527	41.1	40.8	41.6
Const. and Related Mach.	472	474	502	40.8	40.6	41.7
Metalworking Mach. and Equip.	498	506	477	42.3	42.6	41.5
Spec. Ind. Mach. (Exc. Metal).	483	494	501	43.0	43.6	45.4
Gen. Industrial Mach. and Equip.	492	495	483	41.0	41.1	41.2
Electrical Mach., Equip. and Supp.	392	399	392	39.2	40.1	41.0
Electrical Industrial Apparatus	415	419	427	39.9	40.5	41.6
Transportation Equipment	505	571	560	36.7	41.5	42.8
Instruments and Related Prod.	348	345	333	39.2	39.0	40.8
Nondurable Goods	396	396	397	40.4	40.5	40.7
Food and Kindred Products	375	372	377	39.4	39.5	38.7
Meat Products	323	325	365	38.0	38.2	38.3
Dairy Products	390	385	366	41.2	41.1	39.0
Textile Mill Products	283	288	285	39.7	40.0	41.5
Apparel and Other Fin. Prod.	243	238	228	38.6	38.2	38.2
Paper and Allied Products	510	511	483	44.7	44.8	44.4
Pulp and Paper Mills	555	553	521	46.2	46.0	45.6
Printing, Pub. and Allied Prod.	404	407	447	37.7	37.9	40.0
Chemicals and Allied Products	442	459	450	40.7	41.9	42.1
Rubber and Misc. Plastics Prod.	314	317	322	38.6	39.0	39.5
Leather and Leather Products.	261	254	261	39.7	38.6	38.8

Section

C WISCONSIN EARNINGS AND HOURS DATA

EARNINGS AND HOURS *(Unadjusted)* APRIL	Average Hourly Earnings Including O.T.			Average Hourly Earnings Excluding O.T.		
	Latest Month	Mo. Ago	Yr. Ago	Latest Month	Mo. Ago	Yr. Ago
All Manufacturing (Incl. Canning)	10.21	10.20	10.11	9.87	9.85	9.74
All Manufacturing (Excl. Canning)	10.24	10.23	10.14	9.91	9.89	9.77
Durable Goods	10.46	10.46	10.31	10.17	10.15	9.98
Lumber/Wood Prod. (Exc. Furn.)	7.64	7.61	7.38	7.57	7.52	7.33
Furniture and Fixtures	7.20	7.25	7.45	7.08	7.11	7.33
Stone, Clay and Glass Products	9.40	9.38	9.35	9.18	9.19	9.03
Primary Metal Industries	9.96	9.91	9.71	9.62	9.60	9.27
Iron and Steel Foundries	10.09	10.08	10.02	9.76	9.80	9.58
Fabricated Metal Products	10.08	10.12	10.12	9.73	9.73	9.65
Fab. Structural Metal Prod.	10.05	10.01	9.74	9.63	9.61	9.35
Metal Stampings	10.08	10.16	9.94	9.91	9.96	9.68
Machinery (Except Electrical)	11.58	11.56	11.53	11.24	11.25	11.21
Engines and Turbines	12.76	12.54	12.24	12.29	12.22	11.82
Farm Machinery and Equip.	12.50	12.50	12.68	12.20	12.23	12.38
Const. and Related Mach.	11.56	11.68	12.05	11.39	11.49	11.89
Metalworking Mach. and Equip.	11.77	11.87	11.49	11.40	11.41	11.13
Spec. Ind. Mach. (Exc. Metal).	11.24	11.33	11.03	10.73	10.77	10.58
Gen. Industrial Mach. and Equip.	12.00	12.04	11.72	11.71	11.77	11.38
Electrical Mach., Equip. and Supp.	10.01	9.95	9.55	9.81	9.74	9.34
Electrical Industrial Apparatus	10.39	10.34	10.26	10.21	10.18	10.04
Transportation Equipment	13.75	13.76	13.08	13.33	13.22	12.56
Instruments and Related Prod.	8.87	8.84	8.16	8.77	8.72	8.08
Nondurable Goods	9.79	9.77	9.75	9.37	9.34	9.33
Food and Kindred Products	9.51	9.41	9.75	9.09	9.02	9.36
Meat Products	8.50	8.50	9.54	8.18	8.20	9.33
Dairy Products	9.46	9.37	9.39	9.03	8.97	9.05
Textile Mill Products	7.12	7.20	6.87	6.93	6.99	6.69
Apparel and Other Fin. Prod.	6.29	6.23	5.96	6.17	6.11	5.90
Paper and Allied Products	11.40	11.41	10.87	10.89	10.90	10.39
Pulp and Paper Mills	12.02	12.03	11.42	11.49	11.50	10.88
Printing, Pub. and Allied Prod.	10.72	10.75	11.18	-	-	-
Chemicals and Allied Products	10.87	10.95	10.68	10.61	10.60	10.41
Rubber and Misc. Plastics Prod.	8.13	8.12	8.15	7.97	7.90	7.85
Leather and Leather Products.	6.57	6.58	6.73	6.42	6.43	6.60

Section

C SUMMARY OF RECENT WISCONSIN DATA

EARNINGS AND HOURS, MFG. Production Workers (Unadjusted) APRIL	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings Including O.T.			Average Hourly Earnings Excluding O.T.	
	Latest Month	Month Ago	Year Ago	Latest Month	Month Ago	Year Ago	Latest Month	Month Ago	Year Ago	Latest Month	Month Ago
United States	$380	$381	$373	40.1	40.4	40.9	9.48	9.43	9.11	-	-
Wisconsin	410	415	418	40.2	40.7	41.3	10.21	10.20	10.11	9.87	9.85
Selected Areas											
Appleton-Oshkosh (Calumet-Winnebago-Outagamie)	422	417	408	41.9	41.5	42.1	10.06	10.05	9.70	9.67	9.66
Beloit (City)	364	357	394	39.0	38.6	42.0	9.33	9.25	9.36	-	-
Eau Claire (Eau Claire-Chippewa)	433	422	407	42.0	41.5	41.7	10.31	10.18	9.76	9.86	9.71
Fond du Lac (County)	378	391	399	40.9	42.8	43.8	9.25	9.14	9.09	8.99	8.88
Green Bay (Brown County)	446	447	427	40.7	40.9	40.5	10.97	10.92	10.54	10.39	10.34
Janesville (City)	537	546	626	39.9	40.2	44.8	13.46	13.58	13.97	13.21	12.97
Janesville-Beloit (Rock County)	471	479	521	39.7	40.0	43.3	11.87	11.98	12.03	11.57	11.41
Kenosha (County)	362	479	467	30.2	40.6	39.9	11.98	11.81	11.71	11.75	11.53
La Crosse (County)	353	348	348	38.6	38.6	38.8	9.14	9.01	8.96	8.75	8.55
Madison (Dane County)	381	385	380	40.7	40.7	40.0	9.36	9.46	9.51	9.00	9.07
Manitowoc (County)	344	364	344	36.7	38.7	39.5	9.36	9.40	8.72	9.19	9.23
Milwaukee (Milwaukee-Ozaukee-Waukesha-Washington)	462	466	465	40.4	40.8	41.5	11.44	11.41	11.21	10.97	10.97
Racine (County)	414	415	429	39.2	39.2	41.2	10.56	10.58	10.42	10.32	10.38
Sheboygan (County)	379	387	391	39.1	39.2	40.7	9.69	9.86	9.61	9.41	9.52
Wausau (Marathon County)	390	377	375	41.7	39.9	41.0	9.35	9.46	9.15	9.09	9.20

EMPLOYMENT, MFG. (Unadjusted) APRIL	(In Thousands)			Percent Change	
	Latest Month	Month Ago	Year Ago	Month Ago	Year Ago
United States	19,576.0	19,576.0	19,432.0	0.0	0.7
Wisconsin	507.6	503.6	509.5	0.8	-0.4
Selected Areas					
Appleton-Oshkosh (Calumet-Winnebago-Outagamie)	46.3	46.1	45.7	0.4	1.3
Beloit (City)	5.6	5.6	5.8	0.0	-3.4
Eau Claire (Eau Claire-Chippewa)	8.9	8.9	9.0	0.0	-1.1
Fond du Lac (County)	10.8	10.4	10.4	3.8	3.8
Green Bay (Brown County)	22.5	22.5	22.1	0.0	1.8
Janesville (City)	10.9	10.8	10.7	0.9	1.9
Janesville-Beloit (Rock County)	18.7	18.5	18.6	1.1	0.5
Kenosha (County)	14.5	10.7	15.5	35.5	-6.5
La Crosse (County)	10.5	10.6	10.5	-0.9	0.0
Madison (Dane County)	20.6	20.5	19.3	0.5	6.7
Manitowoc (County)	10.8	10.7	11.3	0.9	-4.4
Milwaukee (Milwaukee-Ozaukee-Waukesha-Washington)	169.1	170.7	174.8	-0.9	-3.3
Racine (County)	25.3	25.6	25.8	-1.2	-1.9
Sheboygan (County)	18.5	18.6	18.7	-0.5	-1.1
Wausau (Marathon County)	11.4	11.0	10.9	3.6	4.6

WISCONSIN'S ECONOMIC OUTLOOK

by David H. Peterson and Gene Schubert
Department of Revenue

Federal economic policies have resulted in an unbalanced recovery. The combination of massive federal budget deficits, high interest rates, the strong dollar and massive trade deficits have lead to a leveling off of the unemployment rate at 7 to 7.5 percent. Manufacturing employment growth has flattened out below pre-recession levels. Very little employment growth in the manufacturing sector occurred during the second year of the recovery as trade and services accounted for well over half of total job growth.

The economy has shown recent evidence of weakening, but forces in the financial markets and actions by the Federal Reserve should be enough to keep the economy growing at a slow pace for the remainder of this year. The poor performance in the first quarter was due to extreme weakness in retail sales which stemmed from weakness in disposable income. The latter was caused, in part, by delayed federal income tax refunds. Income and sales are expected to catch up to the underlying growth trend in pre-tax income in the second quarter.

Real growth this quarter is expected to be 3.2%, as real final sales rebound from the anemic first quarter. For the second half of this year, real GNP growth will likely be slowing down again, averaging 2.5% as the Federal Reserve seeks to constrain money growth to its target ranges. A modest tightening by the Fed in the second half of this year would yield a lower growth rate for 1986 (2.4%) than for this year (2.8%), but with growth resuming in 1987 at a rate of 3.8 percent.

Prices and wages are also expected to show only moderate growth. The preliminary estimate of first-quarter inflation in the GNP deflator was 5.3 This is not, however, indicative of the underlying inflation rate because it reflects a surge in energy consumption, a federal government pay increase, and a sharp drop in oil imports. The forecast is still for very modest increases, with the GNP deflator rising 3.6% this year, 3.5% in 1986, and 4.4% in 1987. Since 1985 is not a big year for labor contract negotiations, it is also unlikely to be a year when a major wage surge occurs. Nevertheless, average hourly earnings are expected to rise more rapidly than last year; in the first quarter, earnings grew at a 3.8% annual rate, compared with 2.8% in the last quarter of 1984. Earnings growth is expected to remain in the 3.5 to 4.0% range for the rest of the year. The first quarter is expected to mark the transition from a period of declining rates of earnings growth, initiated in the second quarter of 1981, to one of moderately increasing growth rates over the next two and a half years. Since productivity growth will be limited to the 1 to 2% range, accelerating labor compensation will drive up unit labor costs throughout the forecast period.

The responses to the first quarter slowdown already appear to be in place. When growth faltered, the revised expectations of private financial market participants and the actions of the Federal Reserve combined to drive interest rates significantly lower. This has strengthened residential construction and consumer durable demand and reduced recessionary tendencies. The recent Fed action to lower the discount rate from 8.0% to 7.5% only reinforces the downward trend in interest rates observed for the past few months.

There is, however, a likely limit on the slide in interest rates. The

Federal Reserve is still very much concerned about the prospects of money growth and renewed inflation. All of the monetary aggregates are rising far above the rates permitted by the Federal Reserve's targets. It is likely that the growth rates of the monetary aggregates must be reined in at some point this year.

Although the narrowly-defined money supply has declined in five of the last seven weeks, this drop may be somewhat artificial. The Internal Revenue Service is running three to four weeks behind in processing tax refunds; although now catching up, it has still paid out only $31.6 billion, $3.5 biliion behind the pace of a year ago. Much of this missing money would otherwise be in deposits.

The slowing of the economy has forced the Fed to remain loose to prevent a slide into recession. As more encouraging economic news is received during the second quarter, the Fed is likely to begin to tighten in order to bring the aggregates back within their target range by mid-year.

Also of concern to the Federal Reserve, industrial production has been essentially flat in early 1985, an inevitable consequence of the spending slowdown and another surge imports. The import problem will not go away quickly. Even if interest rates drop enough to bring about a gradual readjustment in the dollar's value in international markets, the lost markets in foreign trade cannot be regained quickly. Industrial production and employment in manufacturing are therefore expected to continue to advance slowly in response to minor interest rate movements, shallow cycles in consumption, inventory adjustments, and continued import competition.

A major factor in the current outlook is the potential for a deficit reduction package totalling $50 billion in fiscal 1986. While the differences between the Senate and House budget resolutions present serious political obstacles, the prospects for a $50 billion package have improved. However, it should not be presumed that significant deficit reduction will produce immediate economic benefits.

In summary, the U.S. economy is still presently characterized as being in a precarious unbalanced growth equilibrium. The financial markets and the Federal Reserve are able to move the economy into short-run growth waves and corrections, but the fundamentals for balanced long-run growth depend on a resoution of the federal deficit problem, and the foreign trade and exchange rate problem.

WISCONSIN ECONOMIC OUTLOOK

Employment data for the first quarter of 1985 indicate that Wisconsin's economic recovery has continued to parallel the national recovery. During the first quarter Wisconsin nonfarm wage and salary employment increased by 0.8%, exactly equaling the national pattern of continuing strength in the trade and service sectors and weakness in manufacturing.

Since the first quarter of 1983, total nonfarm wage and salary employment in Wisconsin has grown 7.8%, very close to the 8.5% average for the U.S. During the last two years, 149,000 jobs have been added to the Wisconsin economy. Manufacturing employment has also followed the national pattern with Wisconsin showing slightly higher employment growth in nondurables and slightly lower employment growth in durables.

A troublesome aspect of the current recovery is the leveling off of employment growth in the manufacturing sector. During the first year of the recovery a large proportion of employment growth came from the manufacturing sector. However, during the most recent four quarters, very few manufacturing jobs have been created.

In both the U.S. and Wisconsin, the manufacturing sector was the most important source of employment growth during the first year of the recovery providing 33% of the job growth in the U.S. and 50% in Wisconsin. In the most recent four quarters, however, the manufacturing sector provided only 11% of the new jobs in the U.S. and a mere 1% in Wisconsin. During the last four quarters, 60% of U.S. employment growth and 70% of Wisconsin employment growth is in the trade and service sectors.

The current "unbalanced" recovery is largely the product of federal government policy. On the one hand, the federal government has pursued a highly stimulative fiscal policy, incurring large budget deficits to finance tax cuts and defense spending increases. On the other hand, the Federal Reserve Board has pursued a relatively restrictive monetary policy. The result has been relatively high interest rates, a strong dollar and a flood of imports. Manufacturing can be expected to show continued weakness until interest rates decline and the dollar weakens.

Although the "unbalanced" nature of the current phase of the recovery is of concern nationally, it has particularly important consequences for income growth in Wisconsin.

The unbalanced national recovery has had an especially negative impact on the Wisconsin income base. Wisconsin wage rates relative to the U.S. have declined sharply since 1980. Initially, this trend was a recession phenomenon. However, after the first year of the economic recovery, the negative trend appears to be reestablished during the second half of 1984. There are two primary reasons why this trend may continue into the future. First, the differential between Wisconsin's above-average manufacturing wages and those of the U.S. has narrowed during the last two years. Second, and of greatest importance, all of the recent growth in Wisconsin employment has occurred in the service producing sectors in which Wisconsin wage levels are well below the national average. Consequently, the trade-off of high wage manufacturing jobs for lower-wage (often part-time) service jobs has a more depressing effect on the Wisconsin income base compared to the nation as a whole. To illustrate, the average annual Wisconsin manufacturing wage at the end of 1984 was $22,100 compared to $14,300 in the non-manufacturing private sector.

The current economic forecast projects an increase of 3.1% in total nonfarm wage and salary employment in 1985. Total employment is expected to grow by 1.4% in 1986 and 1.2% in 1987. The forecast for 1985 is .5% stronger than our previous forecast which reflects the strong growth in trade and service employment in the current quarter. The outlook for manufacturing remains weak.

The majority of employment growth is forecast to occur in the trade and service sectors. Service employment is forecast to grow 4.5% in 1985, 2.3% in 1986 and 1.7% in 1987. Trade employment is forecast to grow by 4.5% in 1985, 1.7% in 1986, and 1.1% in 1987.

Wisconsin personal income is forecast

(continued on back cover)

WISCONSIN EMPLOYMENT FORECAST
(Thousands of Workers, Annual Average)

	1983	1984	1985	1986	1987
MANUFACTURING	484.2	517.9	517.0	520.9	527.6
DURABLES	295.7	321.7	320.0	323.6	329.1
LUMBER PRODUCTS	20.2	21.5	21.4	21.4	21.3
STONE, CLAY, GLASS	7.8	7.4	7.7	7.9	7.9
PRIMARY METALS	17.6	19.9	19.3	19.3	20.2
FABRICATED METALS	48.6	50.9	50.2	51.7	53.9
NON-ELECT. MACHINERY	92.7	102.3	102.4	103.1	105.0
ELECTRICAL MACHINERY	49.1	52.6	51.2	50.9	51.6
TRANS. EQUIPMENT	33.3	36.1	34.8	36.6	36.8
OTHER DURABLES	26.3	31.1	33.1	32.7	32.4
NONDURABLES	188.5	196.2	196.9	197.3	198.6
FOOD PRODUCTS	61.7	62.7	62.2	62.0	61.8
PAPER PRODUCTS	46.7	47.2	47.0	46.6	46.7
PRINTING & PUBLISHING	33.6	36.2	37.6	38.7	39.7
CHEMICALS	9.3	9.8	9.7	9.4	9.4
RUBBER & PLASTICS	17.7	20.5	21.3	21.9	22.7
OTHER NONDURABLES	19.5	19.6	19.1	18.5	18.2
MINING	1.9	1.8	1.6	1.8	1.8
CONSTRUCTION	57.7	58.3	62.3	63.3	64.3
TRANS., COMM., UTILITIES	87.1	88.1	91.4	91.7	91.7
FINANCE, INSUR., REAL EST.	98.6	102.2	106.9	110.2	113.1
TRADE	433.3	453.8	474.3	482.3	487.5
SERVICES	388.6	403.9	421.9	431.8	439.3
GOVERNMENT	312.4	313.4	323.3	325.0	325.6
TOTAL EMPLOYMENT (Nonfarm)	1863.7	1939.4	1998.8	2026.9	2051.0

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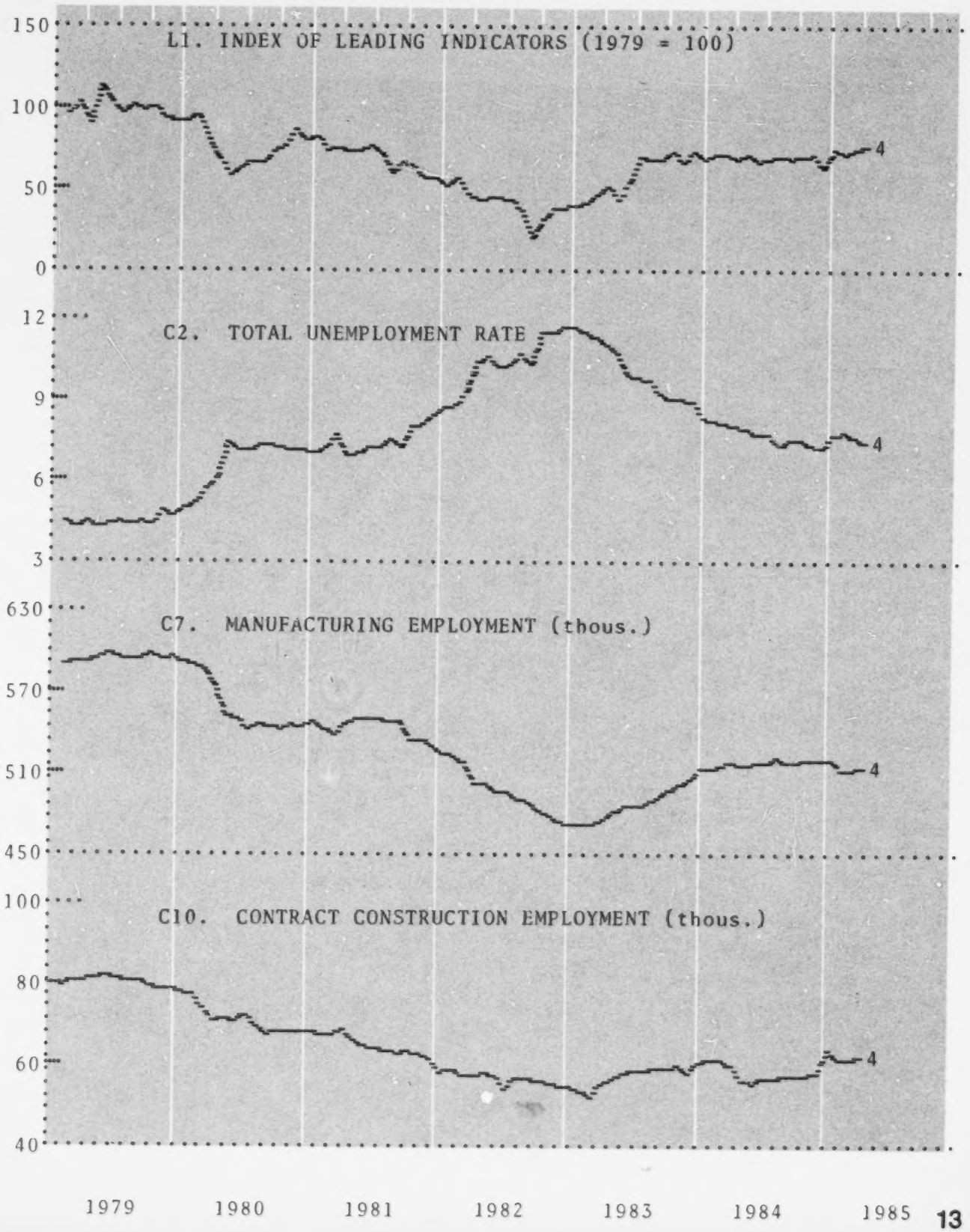

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(Continued from page 12)

to grow by 5.7% in 1985, by 5% in 1986, and by 7% in 1987. Wages and salaries are forecast to grow at almost the same rate as are transfer payments. Property income is forecast to grow at a slightly higher rate.

CONCLUSION

The current forecast is similar to recent state forecasts in predicting moderate gorwth, without a recession, through 1987. However, the massive trade deficit, which in large part has resulted from federal economic policy, iimits the growth potential of the U.S. economy. U.S. and Wisconsin manufacturers have lost market share. Most of the recent employment growth has occurred in the lower wage service- producing sector. This situation is not likely to be changed rapidly, even if a significant deficit package is enacted, since new trade patterns tend to persist for an extended period.

The unbalanced pattern of the national recovery has had an especially adverse impact on the Wisconsin income base. The possibility that the decline in relative wages may continue during the next two years adds a major element of uncertainty to the state revenue outlook. In the long-run, some would argue that this factor will enhance Wisconsin's economic competitiveness. However, in the short-run, declining relative wages would translate into weak income and sales tax revenue growth.

The preliminary economic forecast emphasizes the need to maintain a prudent budget balance. In addition to the normal uncertainty associated with national economic forecasts, the question of whether the pattern of declining relative wages will continue is an additional risk factor which must be carefully considered.